

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY UTILITIES)	
COMPANY FOR AN ORDER AUTHORIZING THE)	CASE NO. 92-249
ISSUE OF SECURITIES)	

O R D E R

On June 12, 1992, Kentucky Utilities Company ("KU") filed an application seeking authority to issue First Mortgage Bonds, Pollution Control Series No. 1B, 2B, 3B, 4B ("Refunding First Mortgage Bonds"), and 9 or, in the alternative, unsecured notes in one or more transactions over the next 18 months, the aggregate principal amount of which together shall not exceed \$238,670,000. The First Mortgage Bonds would be issued pursuant to one or more supplemental indentures supplemental to the Indenture of Mortgage and Deed of Trust dated May 1, 1947, between KU and Continental Bank, N.A., and M.J. Kruger as Trustees. In connection with the issuance of the bonds, KU will assume certain obligations under loan agreements with Carroll County, Kentucky, Muhlenberg County, Kentucky, and Mercer County, Kentucky.

The proceeds would be used as follows:

1. To refund, prior to their due date, and replace KU's First Mortgage Bonds, Pollution Control Series No. 1A, due September 1, 2004, \$21,670,000 in principal amount outstanding. Series No. 1B would secure the payment of \$21,670,000 in aggregate principal amount of Collateralized Pollution Control Refunding

Revenue Bonds (Kentucky Utilities Company Project) 1992 Series B to be issued by Carroll County, Kentucky.

2. To refund, prior to their due date, and replace KU's First Mortgage Bonds, Pollution Control Series No. 2A, due July 1, 2005, \$2,400,000 in principal amount outstanding. Series No. 2B would secure the payment of \$2,400,000 in aggregate principal amount of collateralized Pollution Control Refunding Revenue Bonds (Kentucky Utilities Company Project) 1992 Series C to be issued by Carroll County, Kentucky.

3. To refund, prior to their due date, and replace KU's First Mortgage Bonds, Pollution Control Series No. 3A due July 1, 2005, \$7,200,000 in principal amount outstanding. Series No. 3B would secure the payment of \$7,200,000 in aggregate principal amount of collateralized Pollution Control Refunding Revenue Bonds (Kentucky Utilities Company Project) 1992 Series A to be issued by Muhlenberg County, Kentucky.

4. To refund, prior to their due date, and replace KU's First Mortgage Bonds, Pollution Control Series No. 4A, due July 1, 2005, \$7,400,000 in principal amount outstanding. Series No. 4B would secure the payment of \$7,400,000 in aggregate principal amount of collateralized Pollution Control Refunding Revenue Bonds (Kentucky Utilities Company Project) 1992, Series A to be issued by Mercer County, Kentucky.

5. To secure up to \$200,000,000 in principal amount of indebtedness used to fund construction of facilities qualifying for tax-exempt financing.

The qualifying facilities are solid waste disposal facilities and other facilities including those certificated by this Commission in Case No. 92-005,¹ all of which are located at the Ghent Generating Station.

KU states that all of its Series No. A Pollution Control Bonds can be redeemed at 100 percent of their principal amount. KU will thus be able to take greater advantage of tax-exempt financing by extending the maturity date of its bonds and eliminating the sinking fund requirements. KU may initially issue all or a portion of the new bonds at a variable interest rate. The final maturity of the new bonds will not exceed 30 years from the date of issuance.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the issuance and delivery of the above securities by KU and the assumption by KU of the obligations under the loan agreements with Carroll County, Kentucky, Muhlenberg County, Kentucky, Mercer County, Kentucky, and the other agreements described more fully in KU's application, are for lawful objects within its corporate purposes, are necessary and appropriate for and consistent with the proper performance of its service to the public, and are reasonably necessary and appropriate for such purposes and should, therefore, be approved.

¹ Application of Kentucky Utilities Company for a Certificate of Convenience and Necessity to Construct a Scrubber on Unit No. 1 of its Ghent Generating Station, Order dated July 24, 1992.

IT IS THEREFORE ORDERED that:

1. KU be and it hereby is authorized to issue and deliver First Mortgage Bonds in an aggregate principal amount of \$238,670,000 in the manner set forth in the application and the Supplemental Indentures pursuant to the form set forth in the application.

2. KU be and it hereby is authorized to execute and deliver the loan agreements with Carroll County, Kentucky, Muhlenberg County, Kentucky, Mercer County, Kentucky, and such other agreements as set out in the application and to perform the transactions contemplated by the agreements.

3. KU may issue and sell the First Mortgage Bonds or, in the alternative, unsecured notes, authorized herein, at any time up to and through 18 months from the date of this Order.

4. KU shall agree only to such terms and prices which are consistent with said parameters as set out in its application.

5. KU shall, within 30 days after the execution of agreements or issuance of the securities referred to herein, whichever is applicable, file with the Commission the executed documents including a statement setting forth the date or dates of issuance of the securities authorized herein, the price paid, the interest rate, the purchasers, and all fees and expenses, including underwriting discounts or commissions or other compensation, involved in the issuance and distribution.

6. The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out in the application.

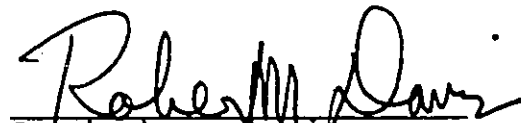
Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 24th day of July, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director, Acting